



## SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION

I am pleased to submit to the Congress, Secretary Rice, Secretary Gates, and the American people the 13th Quarterly Report from the Special Inspector General for Iraq Reconstruction (SIGIR). During this quarter, I traveled to Iraq—for the 15th time since my appointment three years ago—to supervise the work of the 50 SIGIR auditors, inspectors, and investigators who provide the necessary, in-country oversight of the U.S. taxpayers' investment in Iraq's reconstruction.

This Report marks a significant evolution in the U.S. relief and reconstruction effort in Iraq: the part of the U.S. program supported by the Iraq Relief and Reconstruction Fund (IRRF) is nearly complete. Concomitantly, the Government of Iraq (GOI) is assuming progressively more of the financial burden for Iraq's continued recovery. This important shift, however, does not signify the end of substantial U.S. assistance to Iraq. To the contrary, American support for Iraq's recovery will remain relatively robust for the foreseeable future.

The evolution of the IRRF means that SIGIR's oversight mission in Iraq is evolving as well. Pursuant to its congressional directive, SIGIR continues to report on the investment of the IRRF and the relief funds appropriated in FY 2006. Over the remaining course of this year, however, SIGIR will adjust its personnel footprint in Iraq to comport with its gradually diminishing mission.

SIGIR previously used Section 2 of its Quarterly Reports to provide sector-by-sector updates on the IRRF program. Henceforth, Section 2 will include broader reviews of what was achieved through the overall reconstruction effort. In this Report, SIGIR compares the goals and expectations of IRRF 2 with projects and activities actually completed. Section 2 also contains a review of current U.S. funding programs supporting Iraq's recovery:

- Iraq Security Forces Fund
- Economic Support Fund
- Commander's Emergency Response Program

This quarter, SIGIR continued its comprehensive, on-the-ground oversight of Iraq reconstruction, producing 4 audits, 9 project assessments, and making progress on 79 investigations into allegations of fraud, waste, and abuse involving reconstruction funds. Section 3 contains summaries of this work. SIGIR's 4 audits bring to 86 the total number of audits

produced by SIGIR over the past three years. SIGIR's 9 inspections bring the total number of inspections completed to 94. SIGIR investigators progressed on a number of fraud cases this quarter, 28 of which are being prosecuted by the Department of Justice. To date, SIGIR's investigative work has resulted in 10 arrests, a 25-count indictment of 5 persons, 5 convictions, 3 imprisonments, \$3.6 million in restitution orders, and more than \$9 million recovered.

On March 22, 2007, the Senate Homeland Security and Government Affairs Committee conducted a hearing to receive SIGIR's third Lessons Learned Report, which focused on program and project management in Iraq reconstruction. Notable among the Report's recommendations is a proposal that the Congress consider measures to improve integration among the departments involved in civil-military post-conflict contingency planning and operations.

SIGIR remains dedicated to ensuring effective oversight of the U.S. investment in Iraq's relief and reconstruction. I am proud of the dedicated service of the many SIGIR auditors, inspectors, and investigators who continue to pursue their mission with professionalism, productivity, and perseverance.

Submitted April 30, 2007.

A handwritten signature in black ink, reading "Stuart W. Bowen, Jr." followed by a period. The signature is written in a cursive, flowing style.

Stuart W. Bowen, Jr.  
Inspector General